

# Exhibit 16

**The National Bank**

**Loan Agreement  
(Declining Interest Rate)**

---

**First Party** The National Bank, a public joint stock company (“Lender”): represented herein by its General Manager Mr. Ahmad Raghib Nadir al-Hajj Hassan and having its address at Ramallah, Al-Masyoun, P.O. Box 700, Tel: 022946090, Fax: 022946114; and

**Second Party** The State of Palestine, Ministry of Finance, represented (“Borrower”): herein by Finance Minister Mr. Shukri Bisharah, and having its address at Ramallah, Al-Irsal, P.O. Box 795.

Whereas the First Party has previously entered into agreement with the Second Party for the provision of banking facilities and the First Party gave the State of Palestine, represented by the Ministry of Finance, banking facilities;

And whereas the Second Party wishes to obtain a loan in the amount of 200,000,000 shekels with a declining interest rate in addition to the previous facilities;

And whereas the First Party approves the Borrower’s application;

Now, therefore, both parties, having acknowledged their competence to enter into this agreement, have agreed as follows:

**Article (1)**

The First Party does hereby agree to grant the Second Party in its aforesaid capacity a loan in the amount of 200,000,000 shekels, which amount shall be repaid in accordance with the instructions set out in Article (2) below.

**The National Bank**

### **Article (2)**

The First Party shall implement this Agreement in accordance with the payment mechanism determined by the Second Party as follows:

- (a) An amount of 100,000,000 shekels shall be transferred to the Second Party's account in Bank of Palestine by virtue of a written transfer order duly issued by the Second Party (Ministry of Finance).
- (b) An amount of 100,000,000 shekels shall be paid to the beneficiaries by the First Party by virtue of payment orders originally issued by the Second Party to the First Party. Such amount shall be paid from any of the First Party's branches in Palestine.

### **Article (3)**

Both parties do hereby agree that the Second Party shall repay the loan amount on the maturity date set out below. The loan shall have an annual declining interest rate of 6.375%. Any interest that becomes due on the loan according to the Bank's entries and calculations shall be an integral part of the loan.

### **Article (4)**

The original amount of the loan shall be repaid in 72 equal, successive monthly installments. The first installment shall start one month after the date of execution. Debit interest shall be added to the monthly installments.

### **Article (5)**

The installments and the interest due on the loan shall be paid on the maturity date set out in the Payment Schedule of the Installments.

### **Article (6)**

The Palestinian Ministry of Finance does hereby authorize the Bank to use any taxes due by the Bank (namely the income tax imposed on the Bank employees and the value-added tax due by the Bank) to pay the

**The National Bank**

installments and the interest due on the loan after the end of the current loan which is borrowed by the Ministry of Finance from the National Bank in the original amount of 33,960,600 shekels.

**Article (7)**

- (a) If the Borrower fails to make any payment or amount or a part thereof on time, the Bank shall have the right to impose interest on the late payment, which interest shall be equivalent to the applicable interest due on the loan plus an annual late payment interest of 1% from the maturity date and until full payment. Such late payment interest shall be calculated by dividing the actual delay days by 360 days. This provision shall apply without any prior notice. Any delay in paying any installment or amount shall be deemed to be a notice in itself.
- (b) The Borrower shall pay the value of the loan and/or any part thereof in the same currency in which the loan was granted and shall incur the difference in exchange rate and any other commissions relating to the transfer of the due amounts.

**Article (8)****Miscellaneous**

- (a) The Borrower does hereby acknowledge that it has the competence to enter into this agreement and that it is authorized to practice all the rights and perform all the obligations set out herein. The Borrower acknowledges that it adopted all the necessary legal procedures to regulate, sign and execute this agreement.
- (b) The Borrower does hereby acknowledges that the signing of this Agreement does not conflict with any laws, regulations or instructions issued by any government authority, any rulings issued against it, any of its relevant regulations or any agreements to which it is a party.

**The National Bank**

- (c) Any annexes to this Agreement or any amendments, instructions or letters issued by both parties shall be deemed an integral part of this Agreement and supplementary thereto.
- (d) Except for errors in calculations, the Borrower does hereby acknowledge and agree that the Bank's records and calculations are compelling evidence to prove any amounts due or any amounts that will be due under this agreement and to prove any relevant interest and costs. The Borrower does hereby declare that the Bank's entries and calculations are final and correct.
- (e) Any communication, request, notice or announcement that the Bank wishes to serve to the Borrower in relation to any matter pertaining to these facilities shall be deemed to have been delivered to the Borrower if sent by ordinary mail or delivered by hand, fax or email.
- (f) Jurisdiction to hear any dispute arising from or relating to this Agreement shall be vested in the courts of the State of Palestine.

**Article (9)**

In witness whereof, this Agreement has been entered into by the parties by virtue of their approval and acceptance. This Agreement has been made in two copies, a copy to each party.

Dated 14/8/2014

First Party

The National Bank  
Represented by Mr. Ahmad Raghib  
Nadir al-Hajj Hassan  
General Manager  
//signature//

Second Party

State of Palestine  
Ministry of Finance  
Represented by Finance Minister  
Mr. Shukri Bisharah  
//signature//